

**ASSEMBLY BILL**

**No. 2512**

---

**Introduced by Assembly Member Skinner**

February 24, 2012

---

An act to amend Section 19135 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2512, as introduced, Skinner. Income taxes: limited liability company: penalties.

The Corporation Tax Law imposes taxes measured by income at a specified rate. Existing law provides that, whenever any foreign corporation that fails to qualify to do business in this state or whose powers, rights, and privileges have been forfeited, or any domestic corporation that has been suspended, and that is doing business in this state fails to make and file a return, provided, the Franchise Tax Board shall impose a penalty of \$2,000 per taxable year, as specified.

This bill would also make this penalty applicable to a foreign limited liability company which fails to qualify to do business in this state or whose powers, rights, and privileges have been forfeited and to a domestic limited liability company which has been suspended and which is doing business in this state, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 19135 of the Revenue and Taxation Code  
2     is amended to read:

1       19135. Whenever any foreign corporation~~which~~ *or any foreign*  
2 *limited liability company that* fails to qualify to do business in this  
3 state or whose powers, rights, and privileges have been forfeited,  
4 or any domestic corporation~~which~~ *or any domestic limited liability*  
5 *company that* has been suspended, and which is doing business in  
6 this state, within the meaning of Section 23101, fails to make and  
7 file a return as required by this part, the Franchise Tax Board shall  
8 impose a penalty of two thousand dollars (\$2,000) per taxable  
9 year, unless the failure to file is due to reasonable cause and not  
10 willful neglect. The penalty shall be in addition to any other penalty  
11 which may be due under this part. The penalty shall be imposed  
12 if the return is not filed within 60 days after the Franchise Tax  
13 Board sends the taxpayer a notice and demand to file the required  
14 tax return.